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DEPT FOR EUR/AGS, INR/EU, AND EUR/PPD FOR YVETTE SAINT-ANDRE
OSD FOR COMMANDER CHAFFEE
WHITEHOUSE FOR NSC/WEUROPE

E.O. 12958: N/A
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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: November 14, 2006

Khol against Minority Government

¶1. Speaking on ORF TV yesterday, former Parliamentary President Andreas Khol said a minority government for Austria would be "a disaster." He expects a "signal" for the OeVP from SPOe leader Alfred Gusenbauer regarding the suspended coalition talks. Speaking on ORF TV's late night news program Zeit im Bild II on November 13, former OeVP Parliamentary President Andreas Khol explained that, rather than forming a minority government, he recommends looking at three-party coalition options should a grand coalition of the SPOe and the OeVP not be possible. Whether the OeVP leadership will decide to definitely cancel coalition talks with the SPOe on Wednesday depends on the outcome of the ongoing "informal talks" between representatives of the two parties, Kohl added. Mass-circulation provincial daily Kleine Zeitung meanwhile speculates that SPOe leader Alfred Gusenbauer could propose formation of a minority government when he meets with President Heinz Fischer on Thursday. In the face of these developments, high-ranking OeVP politicians have accused Fischer of "playing along" with the Social Democrats' government plans, the daily writes.

Bawag Goes to Foreign Bidder

¶2. Ahead of the publication of the short list of bidders in the sale of union-owned bank Bawag it seems clear the bank will go to a foreign company, as there are no Austrian bidders in the running any longer. German and American companies have been named as potential buyers.

Like all Austrian media, centrist daily Die Presse speculates on "who will win the poker game" over the sale of scandal-ridden union-owned bank Bawag. Investment bank Morgan Stanley will analyze offers for the purchase of Austria's fifth largest bank from US investor group Cerberus, US investors Apollo, J. C. Flowers and Lone Star, German insurance giant Allianz, the Bavarian Bayerische Landesbank, and - possibly - French banking corporation Crdit Agricole.

EU and Turkey

¶3. Austrian Foreign Minister Ursula Plassnik has suggested a "pause" in European Union membership talks with Turkey, unless Ankara agrees to recognize EU member state Cyprus. The European Union has given Turkey three weeks to accept a diplomatic deal on trade with Cyprus or suffer consequences in its attempts to join the EU. The Finnish EU Presidency emphasized that

Turkey has to meet its EU treaty obligations and open its ports to Cyprus, ORF radio news Morgenjournal says. EU foreign ministers are meanwhile struggling to come up with a joint position in the European Union's dispute with Turkey, mass-circulation daily Kurier writes, adding that a strategy needs to be fixed by the December EU summit. Austrian Foreign Minister Plassnik has suggested a "time-out" in the talks between the EU and Ankara, as the two parties were "not making any progress" at this point. Until there is progress on the issue from Turkey, "the EU cannot move. Therefore, taking a break might be wise," Plassnik explained. She added, however, that she remains opposed to sanctions against Ankara, the Kurier reports.

Hamas: Change of Course?

¶4. Radical Palestinian organization Hamas has said for the first time it might support a peace conference with Israeli participation. Arab countries and the UNSC permanent members should also be represented at the conference, which is to aim for a comprehensive and fair Mideast solution, the Palestinian foreign minister suggested.

Hamas' proposal to hold a comprehensive Mideast conference with Israeli participation and its apparent change of course on the issue indicates that international pressure on the Palestinians has been successful, writes semi-official daily Wiener Zeitung. This is the first time that the radical Palestinian organization has said it wants to negotiate with Israel, the daily, adds. Israeli Premier Ehud Olmert has also said he is willing to discuss the Mideast peace process with Hamas being part of the Palestinian government, provided that certain conditions are met. The Palestinians have apparently reached a cross-roads, the daily says, pointing to the appointment of Mohammed Al-Shbeir as the new head of government and attempts to reduce their international isolation.

Tricky Summit for Bush

¶5. The politically weakened US President is facing the "most travel-intense week" of his presidency, an Austrian daily says, pointing to the upcoming NATO summit in Riga, and the APEC summit in Hanoi. All hot political topics are on the agenda, including Iraq, Iran and North Korea's nuclear programs, Afghanistan, world trade, and terrorism.

An analysis in semi-official daily Wiener Zeitung says with the Riga and Hanoi summits, the US President has two difficult meetings on his agenda. He will be meeting with world leaders including Russia's Vladimir Putin, China's Hu Jintao, France's Jacques Chirac and Germany's Angela Merkel, at the NATO and APEC conferences, but the summits could likely turn out to be difficult performances for Bush on the international political stage. Aside from key international topics from Iran to terrorism looming large on the agenda, the US President will be hard pressed to prove that he has not been reduced to a "lame duck" with the Democratic victory in Congress, the Wiener Zeitung writes.

Iraq Course: About-Face or More of the Same?

¶6. While some Austrian media suggest the US might induce a new course on Iraq and search for a new strategy for the entire Middle East, ORF radio believes a more radical American change of course on Iraq cannot be expected, given President Bush's statements following the meeting of the Iraq study group.

ORF TV's late night news Zeit im Bild II on November 13 suggests that after the US Congressional elections, Americans expect things will change in Iraq. In the face of Republican losses, President Bush, too, appears to be ready to rethink his Iraq strategy, but it remains unclear how, ORF radio says. After a meeting with its representatives on monday, Bush seems to be banking on the Iraq Study Group headed by former Secretary of State James Baker, according to ORF TV.

In contrast, Washington correspondent Christian Lininger says on ORF radio's early morning news Morgenjournal that "we do not know what President Bush and the members of the Iraq Study Group discussed in detail. What has become clear, though, is that the US President apparently does not think much of an all-too radical change of course on Iraq. (...) He was not enthusiastic, either, regarding proposals to include Iran and Syria in the Iraqi stabilization process. Earlier, US Ambassador to the UN John Bolton emphasized that the US 'cannot pull out of Iraq prematurely and leave a failed state behind.' The Democrats have meanwhile reiterated their call

for the beginning of a US withdrawal from Iraq in six months at the latest."
McCaw